

## **EXHIBIT 13**



1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

**Policy on Contractor Discipline**  
Effective Date: December 22, 2016

Policy # 2016-1.4

*This policy describes the penalties to be imposed by the City of Detroit and the Detroit Land Bank Authority (DLBA) should a contractor fail to perform any required component of the abatement, demolition, reporting or invoicing process. This Policy supersedes any and all earlier iterations of Policy #2016-1.*

Contractual requirements, including reporting and invoicing, are mandatory components of successfully completed work for any City of Detroit or DLBA contract which is managed by the Detroit Building Authority (DBA).

This policy puts in place a program by which contractors (and their approved subcontractors) who have not met mandatory components of work will be disqualified from bidding on or being awarded work for any City of Detroit or DLBA demolition project for certain periods of time.

1. The City of Detroit, the DLBA, and the DBA may consider a contractor to be in a **state of default** in the event of any of the following:
  - 1.1. Issuance of a Notice of Violation from the Michigan Department of Environmental Quality (MDEQ) or the Michigan Occupational Safety and Health Administration (MIOSHA) for work performed within the City of Detroit. A Health and Safety violation letter from DBA/DLBA will not be issued until asbestos findings have been verified as positive by MDEQ or MIOSHA.
  - 1.2. DBA field staff observe and document a contractor or their sub-contractor failing to:
    - (a) use water during the demolition process (including load out),
    - (b) fence the demolition site, or
    - (c) cant the open hole, or
    - (d) failure to attain proper approvals or use of unauthorized backfill materials.

The DBA will issue a **Health and Safety Violation** to a contractor in response to any of the events identified above, and the Violation will result in immediate disqualification from bidding on or being awarded any demolition work for the City of Detroit or the DLBA for a period of 30 days from the day after expiration of the appeal period for any Health and Safety Violation or, as applicable, from the date of denial of any appeal. The DBA will transmit the Violation through e-mail to the contractor's designated point(s)-of-contact. A second Health and Safety Violation issued within a year period will result in a 90-day disqualification from bidding on or being awarded any demolition work for the City of Detroit or the DLBA. A third Health and Safety Violation within a year period will result in a 360-day disqualification from bidding on or being awarded any demolition work for the City of Detroit or the DLBA. Upon receipt of a third Health and Safety Violation within a year period, the City of Detroit or the DLBA may terminate all existing contracts for demolition work. If there are more than (3) violations within a year, the total disqualification period will not exceed 480 calendar days. Based on new supporting information, i.e. MDEQ findings, or the recommendation of the DBA/DLBA appeal board, a contractor may have their suspension reviewed. See below summary table;

**Notice of Violations/Health and Safety Violations**

Violation number	Suspension days	Suspension Review Days-if approved by appeal board	Disqualified from bidding on new contracts	Termination of all contracts and demo work
1 <sup>st</sup>	30	none	yes	no
2 <sup>nd</sup>	90	Every 30 days	yes	no
3 <sup>rd</sup>	360	Every 90 days	yes	yes*

\*May be adjusted based on recommendation of DBA/DLBA Appeal Board

2. The City of Detroit, the DLBA, and the DBA may consider a contractor to be in a **state of default** if a contractor accrues three (3) **Citations** in any thirty (30) day period. Contractors who are in a state of default will be disqualified from bidding on or being awarded any demolition work for the City of Detroit or the DLBA for thirty days from the day after expiration of the appeal period for any Citation or, as applicable, from the date of denial of any appeal. Also, (6) Citations in a sixty (60)

4. Contractors who elect to submit bids during periods of disqualification will have their bids rejected and returned unopened. Contractors will be disqualified from being awarded any City of Detroit or DLBA work if the contractor has been disqualified on or before the date of the public bid opening for a particular RFP.





1301 Third Street • Suite 328 • Detroit, MI 48226 • 313-224-0174 phone • 313-224-4998 fax

Within **seven (7) calendar days of transmittal**, a contractor may appeal any Notice of Violation, Health and Safety Violation or Citation. The Appeal Board will review and determine if the contractor is responsible (substantiated) or not responsible (unsubstantiated). If the contractor is found responsible, the appeal board members can modify the suspension associated with the violation based on mitigating circumstances. The Chairman of the appeal board will transmit the decision to the contractor during the board hearing. Appeal requests not received within 10 calendar days of the current month's appeal board hearing will be heard at the following month's hearing.

5. When appealing a Citation or Health and Safety Violation, contractors may challenge the alleged offense by posting dated photographs on the appropriate case in Salesforce as evidence of compliance with any of the field issues enumerated in 1.2 or 2.1 – 2.3 above.
6. If it has been determined that a contractor has engaged in making False Representations or involved in Fraudulent activities the following actions will be initiated:
  - A Stop Work Order will be issued.
  - Contractor will be disqualified from bidding on or being awarded work for any City of Detroit or DLBA demolition project pending outcome of investigation by the appropriate authority.
  - All existing contracted work may be terminated pursuant to terms of agreement between the contractor and the City of Detroit and DBA/DLBA.
  - Contractor may not appeal this violation.
7. Wrongful Demolition of property will result in:
  - Contractor may receive a 90 day suspension
  - May be disqualified from bidding on or being awarded work for any City of Detroit or DLBA demolition project.
  - Will be allowed to continue/complete work on current executed contract(s).
  - Contractor may appeal the citation
8. If a property is knocked without a Notice to Proceed the following actions will be initiated:
  - Contractor will receive a 120 day suspension
  - Forfeiture of payment will be imposed
  - Will be disqualified from bidding on or being awarded work for any City of Detroit or DLBA demolition project.
  - Will be allowed to continue/complete work on current executed contract(s).
  - Contractor may not appeal this type of violation.

#### Summary

Violation type	Suspension days	Allowed to work on current contract(s)	Disqualified from bidding on new contracts	Termination of all contracts and demo work
False Representation/Fraud	Based on pending investigation	no	yes	yes
Wrongful Demo	90	yes	yes	no
Knocked w/o NTP	120	yes	yes	no